

The Bellagio Initiative

Briefing Summary

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Corporate Philanthropy and the 'Education For All' Agenda

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Corporate philanthropy has transformed the international development landscape over the past decade. Companies, foundations and individual philanthropists are providing finance, goods and services – including advice to governments – on an unprecedented scale. Yet the effect has been uneven across countries and sectors. To date, education in the world's poorest countries has received limited attention. This could be about to change, with donors, UN agencies and the World Bank actively seeking to deepen the engagement of corporate philanthropists. But what form should this engagement take?

There is no doubt that education in the poorest countries has a strong claim on corporate philanthropy. With progress towards the 2015 goal of universal primary education slipping, the world's poorest countries face a twin crisis in *access to school* and *learning in school*. There are some 67 million primary school age children out of school, along with over 70 million adolescents. Countless millions more are in school but receiving an education of such abysmal quality that they are likely to emerge without even the most basic literacy and numeracy skills. The scale of these deficits points to a widespread and systematic violation of the right to education, with attendant losses of human wellbeing. But the state of education in poor countries has wider consequences. It is reinforcing an unequal pattern of globalisation, perpetuating extreme disparities within countries, and undermining efforts to tackle challenges in areas ranging from gender inequality, to youth unemployment, child survival, and economic growth.

All of this makes the neglect of education a source of concern. While the data are patchy, education represents around 5 per cent of the global US\$9 billion philanthropic financial commitment, compared with over 80 per cent for health. Unfortunately, financial neglect is just one part of the problem. Most of the finance provided through corporate philanthropy is directed towards middle-income countries. Links to the international development goals range from the tenuous to non-existent. Partly because the bulk of finance is delivered through companies, it is closely tied to activities such as workforce development, investment in brand recognition, and small-scale community projects. Few companies or foundations report making any effort to align their activities with national education strategies – and even fewer work through the public education system. Meanwhile, the 'big six' foundations skew their resources heavily towards higher education. While there is no doubting the case for support in the tertiary sector, the limited support provided for basic education points to a socially regressive pattern of expenditure favouring higher-income groups.

There are exceptions to the rule of limited and poor quality aid. In India, the Sir Ratan Tata Foundation and the ICICI Inclusive Growth Foundation are working through the public education system to strengthen learning outcomes in some of the poorest districts in India. Because they are working with, rather than around, state actors, their interventions have the potential to reach a far wider group of beneficiaries, and to leverage change. The Hewlett Foundation is a modest supporter of education in the poorest countries and has used its grants strategically to support NGOs such as

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Pratham in India and UWEZO in East Africa. Those organisations' involvement in learning achievement assessment surveys has helped to increase public awareness of the scale of the learning crisis and to strengthen the voice of civil society.

Why has corporate philanthropy achieved such limited results in education? In contrast to the health sector, education lacks a strong multilateral core and there is no counterpart to the Global Funds, which have provided a financing window for philanthropists and governance arrangements that facilitate private sector engagement in aid delivery as part of a wider partnership. For education, the only multilateral vehicle is the Fast Track Initiative (FTI), which operates principally through the World Bank. While it has delivered some modest benefits, the FTI has suffered from chronic underfinancing – disbursements in 2010 amounting to just US\$250 million against US\$3 billion for the Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis (Global Fund), slow rates of grant disbursement, and limited coverage of conflict-affected states. Unlike the Global Fund, the FTI has not provided support through NGOs and companies, which has limited the scope of direct philanthropic engagement in aid delivery.

Several broad policy conclusions can be drawn from a review of current practices.

- **Strengthen the multilateral aid architecture.** Because most corporate philanthropy is delivered through company-based

or small-scale foundation project schemes, the overall aid effort suffers from high transaction costs, fragmentation, and chronic inefficiency. Channelling more resources through Global Fund-type would simultaneously lower transaction costs, extend country reach and harness the corporate philanthropic effort to the international development goals. Creating a Global Fund for Education, independent of the World Bank, would create a platform through which companies can deliver finance, technology and support to some of the world's most disadvantaged children.

- **Work through governments.** Too much of the limited philanthropic support for education is delivered outside of government systems. The constraints associated with working through these systems are well known. But seeking to circumvent these constraints by operating on a parallel track is a prescription for inefficient aid.
- **Get active on advocacy.** Corporate philanthropists have played an important role in keeping public health at the centre of the international development agenda. By contrast, education has drifted off that agenda – it is conspicuous in its absence from the recent communiqués of the G8 and the G20. The recently formed Global Business Council for Education could help to change this picture, but not without leadership.

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